

Dear Fellow Shareholder,

### Investment Portfolio Performance

In February, the Future Generation Australia (ASX: FGX) and Future Generation Global (ASX: FGG) investment portfolios outperformed their respective benchmark indexes. The FGG investment portfolio increased 2.6%\* in February, outperforming the MSCI AC World Index (AUD) by 1.3%. The FGX investment portfolio increased 1.7%\* during the month, outperforming the S&P/ASX All Ordinaries Accumulation Index which rose 1.4%.

Since inception, the FGX investment portfolio has increased 9.9%\* per annum and the FGG investment portfolio has increased 11.1%\* per annum, outperforming their respective benchmarks. The investment portfolio's outperformance has been achieved with less volatility than their indexes, as measured by standard deviation.

### 2020 Full year results

Both companies' investment portfolio outperformance in 2020 saw strong full year results for shareholders announced in February. FGX [announced](#) an increased fully franked full year dividend of 5.2 cents per share, a 4.0% increase on the prior year at a time when many Australian corporates and listed investment companies (LICs) face cutting dividends. The FGX investment portfolio increased 10.0%\* during the year, outperforming the index by 6.4%\*. Total shareholder return for the period was 12.9%.

FGG [announced](#) a record increase in operating profit after tax of 131.0% to \$19.8 million for the year and delivered total shareholder return of 19.4%. The FGG investment portfolio increased 14.3%\* over the 12 months, outperforming the index by 8.2%\*. Munro Partners Founding Partner and Chief Investment Officer Nick Griffin spoke to the [Australian Financial Review](#) as part of the coverage. Thank you to all our pro bono fund managers for your outstanding investment portfolio performance and continued generosity!

### In the media

Founder and Director Geoff Wilson AO featured on The Capital Network's [TCNTV](#) to discuss how investment and social returns are achieved through the Future Generation companies and the rise of impact investing.

### Future Generation Investor Webinar

Geoff Wilson and I look forward to updating you on the Future Generation Australia and Future Generation Global 2020 full year results during our [Investor Webinar](#) on Tuesday 16 March from 3:00pm – 4:00pm (Sydney time).

We will be joined by Paradice Investment Management's David Moberley and Marsico Capital Management's Brandon Geisler. The webinar will close with a Q&A session where you are encouraged to ask any questions you may have.

### Conversations with Future Generation

We look forward to bringing you the next episode of [Conversations with Future Generation](#) next week with John Coates AC, President of the Australian Olympic Committee and Vice President of the International Olympic Committee.

Kind regards,



Louise Walsh  
Chief Executive Officer



\*Investment portfolio performance and Index returns are before expenses, fees and taxes.

**\$41.2m**

SOCIAL  
INVESTMENT  
TO 2020



**\$4.8m**

Future  
Generation  
Australia 2020

**\$5.7m**

Future  
Generation  
Global 2020

2020 total social  
investment

**\$10.5m**

2020 management  
fees, performance  
fees and services  
forgone

Total fees  
forgone since  
inception to 2020

**\$17.0m**

**\$73.5m**

## Investment portfolio performance

Net tangible assets before tax	Gross assets	Investment portfolio performance (pa since Sept 2014)
<b>136.18c</b>	<b>\$548.6m</b>	<b>9.9%</b>
Net tangible assets after tax and before tax on unrealised gains	Market capitalisation <sup>#</sup>	Volatility <sup>^</sup>
<b>136.54c</b>	<b>\$502.4m</b>	<b>11.6%</b>
		S&P/ASX All Ordinaries Accumulation Index: 14.7%
Net tangible assets after tax	2020 fully franked full year dividend	Dividends paid since inception (per share)
<b>129.93c</b>	<b>5.2c</b>	<b>24.7c</b>

<sup>#</sup>Based on the 26 February 2021 share price of \$1.255 per share and 400,343,988 shares on issue.

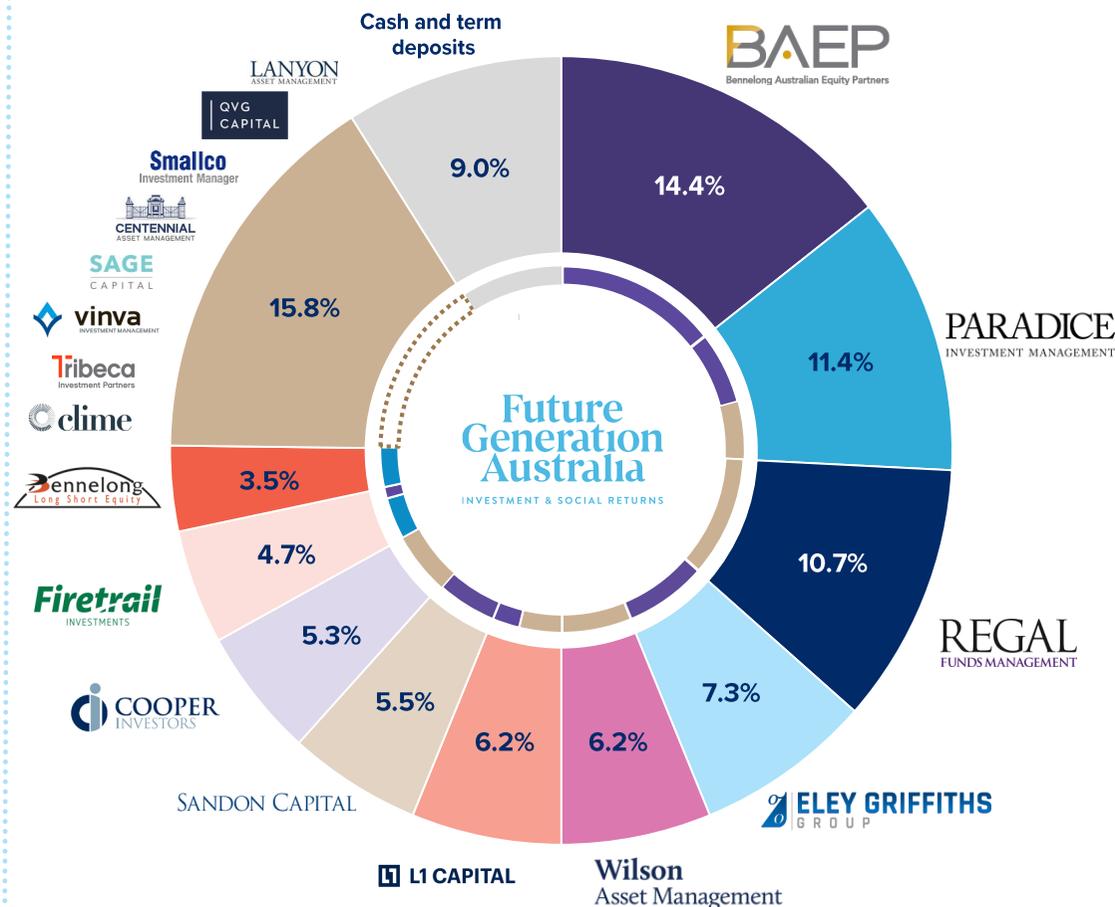
<sup>^</sup>Volatility is measured by standard deviation.

Investment portfolio performance at 28 February 2021	Since inception						
	1 mth	Fin YTD	6 mths	1 yr	3 yrs %pa	5 yrs %pa	%pa (Sept-14)
Future Generation Australia	1.7%	3.1%	11.7%	16.9%	9.2%	10.8%	9.9%
S&P/ASX All Ordinaries Accumulation Index	1.4%	1.7%	12.4%	9.6%	8.1%	11.2%	7.5%

Investment performance and Index returns are before expenses, fees and taxes

## Fund manager allocations

0% management fees  
0% performance fees



### 15.8% fund manager breakdown

Clime Asset Management	2.6%	Centennial Asset Management	2.0%
Tribeca Investment Partners	2.6%	Smallco Investment Manager	1.7%
Vinva Investment Management	2.4%	QVG Capital	1.4%
Sage Capital	2.1%	Lanyon Asset Management	1.0%

Legend:  
■ Long equities 44.9%  
■ Absolute bias 38.9%  
■ Market neutral 7.2%  
■ Cash 9.0%

## Investment portfolio performance

Net tangible assets before tax	Gross assets	Investment portfolio performance (pa since Sept 2015)
<b>166.30c</b>	<b>\$657.7m</b>	<b>11.1%</b>
Net tangible assets after tax and before tax on unrealised gains	Market capitalisation <sup>#</sup>	Volatility <sup>*</sup>
<b>166.04c</b>	<b>\$554.1m</b>	<b>9.0%</b> MSCI AC World Index (AUD): 10.5%
Net tangible assets after tax	2020 fully franked dividend	ESG aware <sup>^</sup> (of the portfolio)
<b>153.45c</b>	<b>2.0c</b>	<b>98.8%</b>

<sup>#</sup>Based on the 26 February 2021 share price of \$1.41 per share and 392,947,106 shares on issue.

<sup>\*</sup>Volatility is measured by standard deviation.

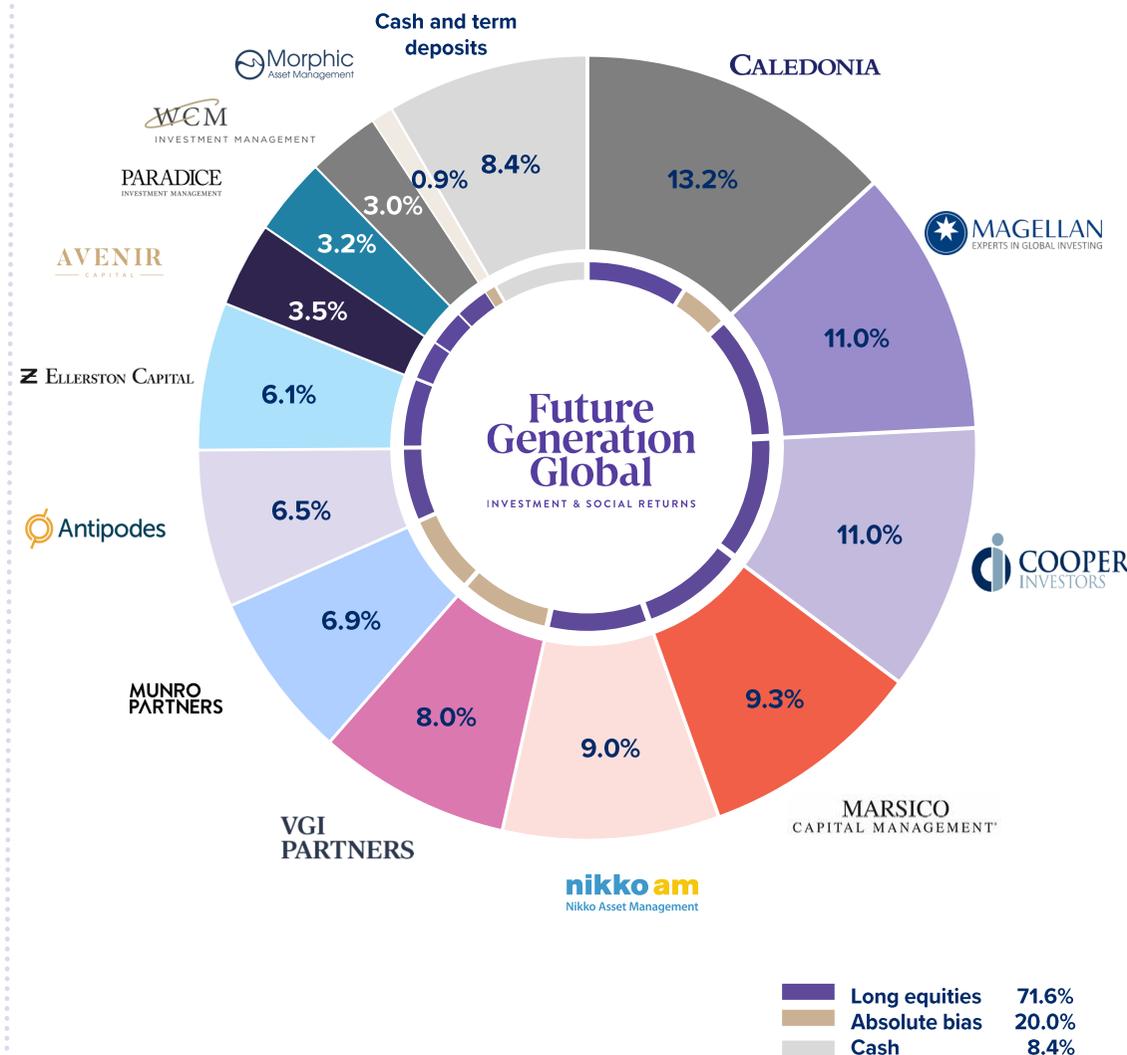
<sup>^</sup>Based on the 2020 Annual Report.

Investment portfolio performance at 28 February 2021	1 mth	Fin YTD	6 mths	1 yr	3 yrs %pa	5 yrs %pa	Since inception %pa (Sept-15)
Future Generation Global	2.6%	2.7%	10.3%	13.8%	13.2%	13.4%	11.1%
MSCI AC World Index (AUD)	1.3%	1.5%	8.2%	9.5%	10.6%	12.5%	10.2%

Investment performance and index returns are before expenses, fees and taxes.

## Fund manager allocations

0% management fees  
0% performance fees



## Fund manager in focus:

**Z ELLERSTON CAPITAL**

**Future  
Generation  
Global**

### About Ellerston Capital

Ellerston Capital is a specialist investment manager providing a range of innovative investment strategies. As a firm that is majority owned by its principals and employees, its clients' objectives are Ellerston Capital's objectives. Managing money since 2002, Ellerston Capital aims to do one thing exceptionally well: grow and protect clients' wealth through investing.

### Why we support Future Generation

Ellerston Global is proud to be a founding fund manager for Future Generation Global which provides support and contributes to improving the lives of young people with mental health conditions. In an industry with plenty of financial resources, Ellerston Global believes it is its fiduciary duty to give back to society. Future Generation is an example of how small contributions can have a big impact to Australia's next generation and we are honoured to be part of this.

### Top five holdings

 ptc	 flex	 option care	 tti	 BUREAU VERITAS
PTC US	FLEX US	OPCH US	669 HK	BVI FR

## Ellerston Global Mid Small Cap Fund

### Our investment style

Ellerston Global owns a concentrated portfolio of global small and mid-cap companies (20-40 stocks) that you are unlikely to find in most global equity portfolios, which generally improve the world we live in while providing attractive capital appreciation characteristics. Ellerston Global's strategy is to connect tomorrow's returns with today and that involves identifying high quality businesses which are undergoing a period of change with future potential returns currently being mispriced by the market. Ellerston Global focuses on business quality, its key drivers and its ability to compound earnings while growing returns on invested capital over time. The fund's objective is to outperform over the long-term while maintaining a clear focus on capital preservation, with its key definition of risk being the permanent loss of capital.

### Our market outlook

Over the past few months, Ellerston Global has been positioned for an environment characterised by higher growth and inflation. Significant monetary and fiscal support is expected to continue, resulting in pent-up demand at both the consumer and business level at a time where global supply chains are stretched. This environment should continue to benefit small and mid-caps and sectors such as industrials, consumer discretionary and financials.

### Stock in focus: Flex

Flex (NASDAQ: FLEX) is a global leader in providing outsourced manufacturing capacity while also owning the global number one player in the highly attractive solar tracking business. Many of the products it makes are essential, the importance of which was highlighted during the pandemic.

Flex is seeing continued increases in product complexity, as many traditional industries look to incorporate more leading-edge technologies, including expanded capabilities around connectivity, data collection and computers. Another secular driver is the increasing number of companies and governments looking for more adaptive supply chains, manufacturing capabilities and partners, as the coronavirus crisis revealed many weaknesses in the supply chain status quo.

The untapped value within the business revolves around its ownership of Nextracker which is the largest player in the global solar tracking market with about 30% market share. Recent peer initial public offerings (IPOs) in the solar tracking space trade on earnings multiples that imply serious optionality in the Flex share price which Ellerston Global believes will be realised by management in the near future.

	6 mths	1 yr	3 yrs %pa	Since inception %pa (Mar-17)
<b>Performance at 28 February 2021</b>				
Ellerston Global Mid Small Cap Fund	20.1%	23.7%	16.2%	16.7%
MSCI World Mid Cap Index (AUD)	14.9%	10.7%	9.9%	11.2%
<b>Outperformance</b>	<b>+5.2%</b>	<b>+13.0%</b>	<b>+6.3%</b>	<b>+5.5%</b>

Investment portfolio performance is calculated after fees and expenses.

For more information, visit [ellerstoncapital.com](http://ellerstoncapital.com)

The Future Generation companies provide exposure to leading Australian and global fund managers.

### Future Generation Australia fund managers



### Future Generation Global fund managers



Charity in focus:



About Raise Foundation

Raise Foundation’s vision is to create thriving communities where young people experience a confiding and trusted relationship with an adult who is skilled to support them. Raise provides best practice mentoring in secondary schools across Australia. This includes industry-leading mentor training to volunteers who connect with young people facing a wide range of adversities.

Read a Q&A with Partner Relationship Manager at Raise Foundation, Lisa Stephens [here](#).

Raise Foundation and Future Generation

Future Generation Australia has supported the expansion of Raise’s core work delivering best practice mentoring in high schools. Raise mentoring empowers young people to be resilient, capable and connected, and upskills the adults in their lives to support them. Raise’s goal is to deliver mentoring to every public secondary school in Australia by 2025.

For more information, visit [raise.org.au](https://www.raise.org.au)

Our designated charities



Our pro bono service providers



**Fund manager  
allocation and  
investments at  
market value as  
at 28 February  
2021**

Fund Manager	Investment	Strategy	% of Gross Assets
Bennelong Australian Equities Partners	Bennelong Australian Equities Fund	Long equities	14.4%
	<b>Mid Cap/Long Short Equities Funds (split out below)</b>		<b>11.4%</b>
Paradice Investment Management	Paradice Australian Mid Cap Fund	Long equities	6.4%
	Paradice Long Short Australian Equities Fund	Absolute bias	5.0%
Regal Funds Management	Regal Australian Long Short Equity Fund	Absolute bias	10.7%
	<b>Small/Emerging Companies Funds (split out below)</b>		<b>7.3%</b>
Eley Griffiths Group	Eley Griffiths Group Small Companies Fund	Long equities	6.0%
	Eley Griffiths Group Emerging Companies Fund	Long equities	1.3%
Wilson Asset Management	Wilson Asset Management Equity Fund	Absolute bias	6.2%
	<b>Long Short/Australian Equities Funds (split out below)</b>		<b>6.2%</b>
L1 Capital	L1 Capital Long Short Fund	Absolute bias	3.8%
	L1 Capital Australian Equities Fund	Long equities	2.4%
Sandon Capital	Sandon Capital Activist Fund	Absolute bias	5.5%
Cooper Investors	Cooper Investors Australian Equities Fund	Long equities	5.3%
	<b>Absolute Return/High Conviction Funds (split out below)</b>		<b>4.7%</b>
Firetrail Investments	Firetrail Absolute Return Fund	Market neutral	3.7%
	Firetrail High Conviction Fund	Long equities	1.0%
Bennelong Long Short Equity Management	Bennelong Long Short Equity Fund	Market neutral	3.5%
Clime Asset Management	Clime Australian Equities Fund	Long equities	2.6%
Tribeca Investment Partners	Tribeca Alpha Plus Fund	Absolute bias	2.6%
Vinva Investment Management	Vinva Australian Equities Fund	Long equities	2.4%
Sage Capital	Sage Capital Equity Plus Fund	Absolute bias	2.1%
Centennial Asset Management	The Level 18 Fund	Absolute bias	2.0%
Smallco Investment Manager	Smallco Broadcap Fund	Long equities	1.7%
QVG Capital	QVG Opportunities Fund	Long equities	1.4%
Lanyon Asset Management	Lanyon Australian Value Fund	Absolute bias	1.0%
	Cash and term deposits		9.0%

**Fund manager  
allocation and  
investments at  
market value as  
at 28 February  
2021**

<b>Fund Manager</b>	<b>Investment</b>	<b>Strategy</b>	<b>% of Gross Assets</b>
	Co-invest Fund/Global Fund (split out below)		13.2%
Caledonia	Caledonia Co-invest Fund	Long equities	9.0%
	Caledonia Global Fund	Absolute bias	4.2%
Magellan Asset Management	Magellan Global Fund	Long equities	11.0%
Cooper Investors	Cooper Investors Global Equities Fund (Unhedged)	Long equities	11.0%
Marsico Capital Management	Marsico Global Fund	Long equities	9.3%
Nikko Asset Management Australia	Nikko AM Global Share Fund	Long equities	9.0%
VGI Partners	VGI Partners Funds	Absolute bias	8.0%
Munro Partners	Munro Global Growth Fund	Absolute bias	6.9%
Antipodes Partners	Antipodes Global Fund - Long	Long equities	6.5%
Ellerston Capital	Ellerston Global Mid Small Cap Fund	Long equities	6.1%
Avenir Capital	Avenir Global Fund	Long equities	3.5%
Paradice Investment Management	Paradice Global Small Mid Cap Fund (Unhedged)	Long equities	3.2%
WCM Investment Management	WCM Quality Global Growth Fund (Hedged)	Long equities	3.0%
Morphic Asset Management	Morphic Ethical Equities Fund Limited	Absolute bias	0.9%
	Cash and term deposits		8.4%